Interest rate on post office Small Savings

*18. SHRI SANJAY NIRUPAM: Will the Minister of FINANCE be pleased to state:

(a) whether Government have lowered the interest rate on post office small savings;

(b) if so, the reasons for taking this decision;

(c) whether Government have considered the effect it would have on small depositors in rural areas who may now become reluctant in depositing their savings and may deposit elsewhere; and

(d) whether State Governments were consulted before taking this decision?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) Yes, Sir.

(b) The interest on small savings schemes were last revised in 1993 whereas with the interest rate deregulation, public sector banks had revised their rates of interest number of times since 1993. It was necessary to benchmark the interest rates on small savings schemes to the rates prevalent in the public sector banks/all India financial institutions on similar schemes.

(c) Small savings schemes are designed to cover the different needs of investors and are available on tap around the year in more than 1.5 lakh post offices and branches of public sector banks all over the country. They also carry very attractive returns, substantial tax benefits, a zero risk due to Government of India guarantee as well as easy liquidity. Over five lakh agents facilitate the investor at the grass root level. Therefore, investor confidence is expected to continue in the schemes in rural as well as urban areas.

Recommendations of the Committee on Electoral Funding

*19. SHRI K.M. SAIFULLAH:
DR. Y. LAKSHMI PRASAD:

Will the Minister of LAW, JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Committee set up on electoral funding has mooted poli funding in kind and recommended an annual pool of Rs. 1200 crores;

(b) if so, the details thereof; and

(c) the action taken in this regard by way of electoral reforms?

THE MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI M. THAMBI DURAI): (a) Yes, Sir. The Committee on State Funding of Elections headed by Shri Indrajit Gupta, MP has recommended partial State Funding, in kind, to the recognized political parties and candidates set up by them. In this respect, the Committee has recommended creation of a separate Election Fund to which the Central Government may contribute at the rate of Rs. 10/- per elector i.e. about Rs. 600 crores annually. The State Governments also, all taken together, may contribute proportionately Rs. 600 crores annually to the Fund.

(b) A statement containing gist of recommendations made by the Committee is laid on the table of the House. (*See* below)

(c) The reccommendations of the Committee on State Funding of Elections would be discussed with political parties.

Statement

Gist of recommendations of Committee on State Funding of Elections

I. *State Funding of Elections:* The Committee has recommended, to begin with, only partial State assistance, in kind only in the form of certain facilities, to recognised political parties in a way that it provides them relief not only in carrying out their electoral activities and meeting partly the cost of essential items of elecctioneering campaigns of their candidates, but also helps them partially in the current administration of their day to day functioning during non-election period. Gradually, more and more of their expenses' burden can be progressively shifted to the State so that ultimately all their legitimate expenses become a charge on the State. In this respect, the Committee has recommended creation of a separate Election Fund to which the Central Government may contribute at the rate of Rs.10/- per elector i.e. about Rs. 600 crores annually. The State Governments also, all taken together, may contribute proportionately Rs. 600 crores annually to the Fund.